



March 26, 2013

Audit Services Branch

State of California
Department of Housing & Community Development
1800 Third Street, Suite 191
Sacramento, CA 94252-2054

Housing Policy Department
Received on:
MAR 28 2013

Re: Community Action of Napa Valley
Annual Audit Report – June 30, 2012

Auditing Representatives:

I am forwarding the Community Action of Napa Valley, Napa California, Financial Statements and Single Audit Report for the period ending June 30, 2012.

Should additional information be required, please contact me directly at (707) 253-6100, extension 104. My email address is as follows marie.stansberry@can-v.org

Sincerely,

Marie Stansberry
Finance Director

COMMUNITY ACTION OF NAPA VALLEY

NAPA, CALIFORNIA

**FINANCIAL STATEMENTS
AND
SINGLE AUDIT REPORT**

JUNE 30, 2012

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R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Action of Napa Valley
Napa, California

We have audited the accompanying statement of financial position of Community Action of Napa Valley as of June 30, 2012, and the related statement of activities and statement of cash flows for the year then ended. These financial statements are the responsibility of Community Action of Napa Valley's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Community Action of Napa Valley's 2011 financial statements and, in our report dated December 15, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Action of Napa Valley's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action of Napa Valley as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2013 on our consideration of Community Action of Napa Valley's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Community Action of Napa Valley taken as a whole. The supplementary data in schedules 1 through 6 is presented for the purpose of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
March 28, 2013

Community Action of Napa Valley
STATEMENTS OF FINANCIAL POSITION
June 30, 2012
(With Comparative Totals for June 30, 2011)

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>	<u>2011 Total</u>
Current assets:				
Cash and cash equivalents	\$ 463,304	\$ 354,466	\$ 817,770	\$ 768,342
Accounts receivable	3,709	-	3,709	21,038
Grants and contracts receivable	536,950	-	536,950	582,907
Inventory	23,545	-	23,545	37,980
Prepaid expenses and other current assets	63,942	-	63,942	53,165
Total current assets	<u>1,091,450</u>	<u>354,466</u>	<u>1,445,916</u>	<u>1,463,432</u>
Non-current assets:				
Investments	343,324	-	343,324	332,027
Fixed assets, net of accumulated depreciation	271,326	484,484	755,810	850,215
Total non-current assets	<u>614,650</u>	<u>484,484</u>	<u>1,099,134</u>	<u>1,182,242</u>
Total assets	<u>\$ 1,706,100</u>	<u>\$ 838,950</u>	<u>\$ 2,545,050</u>	<u>\$ 2,645,674</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 100,768	\$ -	\$ 100,768	\$ 106,109
Accrued payroll liabilities	134,714	-	134,714	139,020
Accrued vacation	117,961	-	117,961	117,105
Contract advances and deferred income	513,059	-	513,059	634,336
CDE reserve	-	34,479	34,479	34,475
Total current liabilities	<u>866,502</u>	<u>34,479</u>	<u>900,981</u>	<u>1,031,045</u>
Long-term liabilities:				
Revolving loans	1,692	-	1,692	1,692
Contingent loans	186,000	-	186,000	186,000
Total long-term liabilities	<u>187,692</u>	<u>-</u>	<u>187,692</u>	<u>187,692</u>
Total liabilities	<u>1,054,194</u>	<u>34,479</u>	<u>1,088,673</u>	<u>1,218,737</u>
Net assets:				
Unrestricted				
Unrestricted, undesignated	651,906	-	651,906	575,770
Temporarily restricted				
Program services	-	319,987	319,987	300,695
Fixed assets	-	484,484	484,484	550,472
Total net assets	<u>651,906</u>	<u>804,471</u>	<u>1,456,377</u>	<u>1,426,937</u>
Total liabilities and net assets	<u>\$ 1,706,100</u>	<u>\$ 838,950</u>	<u>\$ 2,545,050</u>	<u>\$ 2,645,674</u>

The accompanying notes are an integral part of these financial statements.

Community Action of Napa Valley
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

Exhibit A

	Unrestricted	Temporarily Restricted	2012 Total	2011 Total
Revenues:				
Government grants and contracts income	\$ 3,377,694	\$ -	\$ 3,377,694	\$ 3,623,209
Foundation and other grant income	1,109,175	67,337	1,176,512	1,051,063
Donations	368,191	-	368,191	378,808
Program income	162,540	-	162,540	188,300
Fundraising and other income	118,407	3,501	121,908	122,615
Unrealized gain on investments	11,297	-	11,297	11,095
Interest and dividends	1,709	-	1,709	1,463
Inkind revenue	212,167	-	212,167	412,802
Net assets released from restrictions	51,546	(51,546)	-	-
Total revenues	5,412,726	19,292	5,432,018	5,789,355
Expenses:				
Program services:				
Child and family development	825,173	-	825,173	1,013,040
Senior program	652,529	-	652,529	754,980
Volunteer center	79,444	-	79,444	-
Housing and shelter	1,770,001	-	1,770,001	1,613,923
Food bank	742,511	-	742,511	998,775
Tobacco	283,041	-	283,041	234,437
Job training	44,482	-	44,482	170,425
Fiscal agent	251,223	-	251,223	266,447
Administration	688,186	-	688,186	599,933
Total expenses	5,336,590	-	5,336,590	5,651,960
Change in net assets	76,136	19,292	95,428	137,395
Additions/disposition of restricted fixed assets	-	6,025	6,025	134,425
Depreciation of restricted fixed assets	-	(72,013)	(72,013)	(57,473)
Subtotal	76,136	(46,696)	29,440	214,347
Net assets, beginning of period	575,770	851,167	1,426,937	1,212,590
Net assets, end of period	\$ 651,906	\$ 804,471	\$ 1,456,377	\$ 1,426,937

The accompanying notes are an integral part of these financial statements.

Community Action of Napa Valley
STATEMENTS OF CASH FLOWS

Exhibit B

For the Year Ended June 30, 2012

(With Comparative Totals for the Year Ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 95,428	\$ 137,395
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gains on investments	(11,297)	(11,095)
Depreciation	28,416	28,038
Changes in certain assets and liabilities:		
Accounts receivable	17,329	(20,463)
Grants and contracts receivable	45,957	(15,901)
Inventory	14,435	(1,611)
Prepaid expenses and other current assets	(10,777)	(2,088)
Accounts payable	(5,340)	(39,585)
Accrued payroll liabilities	(4,306)	2,085
Accrued vacation	856	20,066
Contract advances and deferred income	(121,277)	305,452
CDE reserve	4	17,330
Net cash provided (used) by operating activities	<u>49,428</u>	<u>419,623</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(20,542)
Sales of investments	-	13,678
Net cash provided (used) by investing activities	<u>-</u>	<u>(6,864)</u>
Net increase in cash during the year	49,428	412,759
Cash balance, beginning of period	<u>768,342</u>	<u>355,583</u>
Cash balance, end of period	<u>\$ 817,770</u>	<u>\$ 768,342</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ -</u>	<u>\$ 6,391</u>
Non-cash items:		
Property and equipment acquired by restricted funds	<u>\$ 6,025</u>	<u>\$ 134,425</u>

The accompanying notes are an integral part of these financial statements.

Community Action of Napa Valley
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - GENERAL

A. Organization

Community Action of Napa Valley (the Organization), is a California Community Action Organization founded May 12, 1965 as a private, nonprofit, tax-exempt corporation. During the past forty-seven years, Community Action of Napa Valley (formerly NCCEO) has administered a wide variety of health and human services programs to benefit low-income people. The Organization's goal has been to increase the self-determination and self-sufficiency of individuals and families who are economically disadvantaged or are senior citizens by carrying out the following programs:

Los Niños Child Development and Family Program (CDFP) has been a program of the Organization since 1975. This program receives a majority of funding from the State Department of Education, Child Development Division. Los Niños CDFP provides a safe, healthy and nurturing, responsive setting for children and provides a valuable community service to both the employer and families by enabling low-income working families to remain employed. This program offers affordable full-day/full-year, high quality childcare for children from birth through six years.

Shelter and Housing operates the only emergency shelters for homeless men, women, and children in Napa County at four locations: Samaritan Family Center, the HOPE Resource Center, the South Napa Shelter and the Emergency Winter Shelter. The mission of the Shelter Project is to provide safe and humane temporary shelter to Napa County homeless individuals and families and coordinate resources to assist them in acquiring the skills and assets necessary to obtain and maintain permanent housing and self-sufficiency.

Senior Nutrition Services provides daily home-delivered and congregate meals to seniors and the frail elderly who cannot prepare meals for themselves. More than a meal, Senior Nutrition Services also provides the socialization, daily contact, caring volunteers, and professional case management to enable seniors to continue living in their own homes independently.

The Napa Valley Food Bank assists people to become (or remain) self-sufficient by lessening the stress of meeting their basic need for food. Through unique partnership, the program is able to provide food to Napa County's low-income individuals, families, seniors, and to other organizations servicing those less fortunate.

The Tobacco Education and Quit Smoking Program provides classes and presentation to educate Napa County's residents about tobacco issues and to bring awareness of the many dangers of tobacco use on personal health and environment.

Volunteer Center provides a single point of contact to mobilize Napa Valley's community members, local businesses, and non-profits in providing services to existing community-based organizations for Special Events, Work with Children, Assist with Disasters, and Work with Seniors.

Administration Services represents management and general expenses, indirect costs, and the administrative costs portion of program services.

Community Action of Napa Valley receives its principal funding from the United States Department of Health & Human Services, Department of Housing and Urban Development, Department of Agriculture and the State of California Department of Education and accordingly, operates under the guidelines and regulations of these funding sources.

Community Action of Napa Valley
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of the Organization are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of a period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

B. Basis of Presentation

The statements are presented in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958-205), *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

C. Unrestricted Net Assets

Unrestricted net assets generally result from revenues obtained by providing services, receiving unrestricted contributions, and receiving interest and dividends from income-producing assets. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization and the purposes specified in its Articles of Incorporation or Bylaws and limits resulting from contractual agreements entered into by the Organization in the course of its operations.

D. Temporarily Restricted Net Assets

Temporarily restricted net assets represent the portion of net assets that contain donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization.

E. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions and highly liquid debt instruments purchased with maturities of three months or less.

Cash that is considered as an investment of the Organization is not included as part of cash and cash equivalents for the purposes of the statement of cash flows.

F. Investments

Investments consists of bonds, which are recorded at their estimated fair market value based on quoted market values. Interest and dividend income is recognized as it is earned.

Community Action of Napa Valley
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Inventory

Inventory represents food commodities, which have been recorded at the lower of cost or market value.

H. Fixed Assets

Fixed assets are stated at cost and depreciation is computed on the straight-line basis of accounting over the estimated useful lives of the assets. The aggregate cost of assets over \$5,000 acquired through unrestricted grant resources is capitalized in the statement of financial position.

Assets acquired through grant resources are considered to be owned by the grantor while such assets are in use under the funded program, or while they are being used for a similar program. Any disposition of restricted assets or any funds derived therefrom are subject to grant regulations. Total fixed assets acquired through grant resources, net of accumulated depreciation amounted to \$484,484.

I. Revenue Recognition

Contributions are recognized at their fair value when the donor makes an unconditional promise to give to the Organization. Contributions restricted by the donor are reported as an increase in unrestricted net assets if the restriction is released in the same reporting period in which the support is received. All other contributions with donor restrictions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Government grants and revenue are recognized when the Organization incurs expenditures related to the required services. Amounts billed or received in advance are recorded as contract advances and deferred revenue until the related services are performed. Amounts due the Organization for services performed at June 30, 2012 are included in accounts receivable.

The Organization has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable that all receivables will be collected. This was based on previous experiences and management's analysis and assurances made by the staff. No provision for uncollectible receivables is reserved at June 30, 2012.

J. Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Community Action of Napa Valley
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

K. Functional Expenses and Indirect Costs

Directly identifiable expenses are charged to program services. Expenses related to more than one function are charged to program services on the basis of periodic time and expense studies. Administration services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Indirect costs represent administrative costs recorded in the general administration fund which are allocable to the restricted programs as indirect administrative costs.

L. Fundraising Expenses

Fundraising expenses are recognized when incurred, regardless of the campaign year to which they relate.

M. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

N. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

O. Contingencies

The Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose of such audits is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Organization has no provisions for the possible disallowance of program costs on its financial statements.

P. Concentrations

The Organization receives a substantial amount of revenue for its programs passed through County of Napa. During the year ended June 30, 2012, the Organization received \$916,301. This amounts to 17% of total revenue for the fiscal year ended June 30, 2012.

Community Action of Napa Valley
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 - INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors and grantors may obtain tax benefits. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

On July 1, 2011, the Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2012.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

NOTE 4 - CASH

Cash balances at June 30 were as follows:

	<u>2012</u>	<u>2011</u>
Unrestricted:		
Wells Fargo	\$ 207,356	\$ 375,091
Mechanics Bank	255,098	74,575
Petty cash	<u>850</u>	<u>825</u>
Total unrestricted cash and cash equivalents	<u>463,304</u>	<u>450,491</u>
Restricted:		
Mechanics Bank	319,960	300,695
Community Trust	<u>34,506</u>	<u>17,156</u>
Total restricted cash and cash equivalents	<u>354,466</u>	<u>317,851</u>
Total cash and cash equivalents	<u>\$ 817,770</u>	<u>\$ 768,342</u>

At June 30, 2012, the bank balances were insured under the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC). It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

Community Action of Napa Valley
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 - INVESTMENTS

Investments at June 30, 2012 consisted of the following:

	Cost	Market Value	Accumulated Unrealized Gain/(Loss)
Series EE/HH Bonds	<u>\$ 140,000</u>	<u>\$ 343,324</u>	<u>\$ 203,324</u>

Return on Investments for the year ended June 30, 2012 was:

	Interest & Dividends	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Total Return on Investments
Series EE/HH Bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,297</u>	<u>\$ 11,297</u>

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE

FASB ASC 820-10 and subsections, *Fair Value Measurements and Disclosures* clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted FASB ASC 820-10 for its financial assets and liabilities measured on a recurring and nonrecurring basis.

FASB ASC 820-10 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those investments.

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30:

	Investment in Securities	
	2012	2011
Level 1: Quoted prices	<u>\$ 343,324</u>	<u>\$ 332,027</u>
Level 2: Other significant observable inputs	<u>-</u>	<u>-</u>
Level 3: Significant unobservable inputs	<u>-</u>	<u>-</u>
Total	<u>\$ 343,324</u>	<u>\$ 332,027</u>

As of June 30, 2012 and 2011, the investments balances of \$343,324 and \$332,027, respectively, were all classified to be Level 1.

Community Action of Napa Valley
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 7 - GRANTS/CONTRACTS RECEIVABLE

Grants/contracts receivable at June 30 consisted of the following:

	<u>2012</u>	<u>2011</u>
Central Admin	\$ 6,915	\$ 27,136
Los Niños Child and Family Development program	14,458	96,785
Senior Nutrition	68,101	93,312
Volunteer Center	15,326	-
Housing and Shelter	317,737	252,073
Food Bank	30,638	24,187
Tobacco	59,316	63,321
Other	24,459	26,093
Total	<u>\$ 536,950</u>	<u>\$ 582,907</u>

NOTE 8 - FIXED ASSETS

Fixed assets as of June 30 were as follows:

	<u>2012</u>	<u>2011</u>
Restricted fixed assets:		
Building & improvements	\$ 368,009	\$ 368,009
Equipment	268,389	268,389
Vehicles	<u>224,428</u>	<u>218,403</u>
Subtotal	860,826	854,801
Less accumulated depreciation	<u>(376,342)</u>	<u>(304,329)</u>
Total restricted fixed assets	<u>484,484</u>	<u>550,472</u>
Unrestricted fixed assets:		
Land	150,000	150,000
Building & improvements	399,337	399,337
Equipment	56,190	56,190
Vehicles	<u>31,580</u>	<u>31,580</u>
Subtotal	637,107	637,107
Less accumulated depreciation	<u>(365,781)</u>	<u>(337,364)</u>
Total unrestricted fixed assets	<u>271,326</u>	<u>299,743</u>
Total fixed assets, net	<u>\$ 755,810</u>	<u>\$ 850,215</u>

Depreciation expense was \$104,430 and \$85,511, of which \$28,416 and \$28,038 were expensed and \$72,013 and \$57,473 were charged directly to temporarily restricted net assets for the years ended June 30, 2012 and 2011, respectively.

NOTE 9 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$117,961 and \$117,105 as of June 30, 2012 and 2011, respectively.

Community Action of Napa Valley
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 10 - CONTRACT ADVANCES AND DEFERRED INCOME

Contract advances and deferred income as of June 30 consisted of the following:

	2012	2011
Central Admin	\$ 20,550	\$ 63,814
Volunteer Center	9,904	5,000
Senior Nutrition	3,295	-
Housing and Shelter	117,216	233,033
Food Bank	141,018	104,035
Tobacco program	7,072	16,659
Job Training program	2,540	-
Fiscal agents	<u>211,464</u>	<u>211,795</u>
Total	<u>\$ 513,059</u>	<u>\$ 634,336</u>

NOTE 11 - CONTINGENT LOANS

In 1991, the Organization purchased a building as a site for a shelter. To finance the purchase, the Organization obtained a grant fund in the amount of \$186,000 from the City of Napa. If the Organization, for any reason whatsoever, sells, conveys, encumbers, grants, leases, or otherwise alienates the premises or does not use the building as a public facility to shelter the homeless, 36.47% of the proceeds of such sale, conveyance, encumbrance, grant, or lease minus the costs of closing, shall be paid to the City of Napa. The \$186,000 grant fund was recorded as a contingent loan at June 30, 2012 and 2011.

NOTE 12 - LINE OF CREDIT

The Organization has a \$300,000 revolving line of credit with a bank with a floating interest rate currently at 1.25% over the prime rate, expiring on April 10, 2013. There was no principal balance outstanding as of June 30, 2012.

NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30 were available for the following programs:

	2012	2011
Housing and Shelter	\$ 190,298	\$ 126,207
Food Bank	108,297	159,843
Child and Family Development	11,977	8,476
Central Admin	6,169	6,169
Job Training program	3,246	-
Restricted Equipment Fund	<u>484,484</u>	<u>550,472</u>
Total	<u>\$ 804,471</u>	<u>\$ 851,167</u>

Community Action of Napa Valley
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 14 - IN-KIND

Values assigned to in-kind contributions and the related expenses are based on federal guidelines. In accordance with those guidelines, values are based upon estimated area-wide averages for purchased services, facilities, or supplies of a similar type. In-kind contributions and expenses are recorded when used in the program and are not carried forward.

For the year ended June 30, 2012, the Organization received in-kind contributions from donated facilities, donated goods and volunteer services throughout the year with an estimated value of \$85,564, \$261,883 and \$5,948 for the Senior Nutrition, Food Bank, and Volunteer Center, respectively. However, for the year ended June 30, 2012, only \$32,860 and \$179,307 of total in-kind contributions met the criteria under FASB ASC 958 and were recognized as contributions in the financial statements for the Senior Nutrition and Food Bank, respectively.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The Organization leases various facilities under operating leases with various terms. Future minimum payments, by year, and in the aggregate, under non-cancellable leases with initial or remaining terms of one year or more consist of the following:

Fiscal Year Ending June 30

2013	\$ 148,063
2014	150,853
2015	55,055
2016	<u>36,704</u>
Total	<u>\$ 390,675</u>

Rental expense under operating leases for the year ended June 30, 2012 was \$176,233.

Los Niños Modular Building Lease

The Organization entered into a contract/lease agreement with the California Department of Education for the use of a modular classroom for the Child and Family Development programs. Under the terms of the lease agreement, the Organization agreed to make 120 monthly payments of \$2,083 to the California Department of Education commencing January 2003 until December 2012. Final payments totaling \$12,498 are due in the fiscal year ended June 30, 2013.

Rental expense under this lease for the years ended June 30, 2012 and 2011 was \$24,996 and \$24,996, respectively.

NOTE 16 - SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 28, 2013, the date the financial statements were available to be issued.

Community Action of Napa Valley
COMBINING SCHEDULE OF FINANCIAL POSITION
June 30, 2012

	Child and Family Development	Senior Nutrition	Volunteer Center	Housing and Shelter	Program Services					Job Training	Other Program Services	Program Services Total	Administration	Total
					Food Bank	Tobacco Program								
ASSETS														
Current assets:														
Cash and cash equivalents	\$ 34,831	\$ -	\$ 50	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 176,416	\$ 211,597	\$ 606,173	\$ 817,770
Accounts receivable	-	340	-	-	2,969	-	-	-	-	-	-	3,309	400	3,709
Grants and contracts receivable	14,458	68,101	15,326	317,737	30,638	59,316	-	-	-	24,459	-	530,035	6,915	536,950
Due to/due from	12,309	(85,023)	(5,723)	76,878	294,677	(51,332)	-	-	-	(34,406)	41,586	248,366	(248,366)	-
Inventory	-	-	-	-	23,545	-	-	-	-	-	-	23,545	-	23,545
Prepaid expenses and other current assets	-	-	-	758	10,000	-	-	-	-	-	-	10,758	53,183	63,941
Total current assets	61,598	(17,182)	9,653	395,573	361,829	7,984	-	-	-	(9,847)	218,002	1,027,610	418,305	1,445,915
Non-current assets:														
Investments	-	343,324	-	-	-	-	-	-	-	-	-	343,324	-	343,324
Fixed assets, net of accumulated depreciation	253,693	17,105	-	263,318	190,949	-	-	-	-	6,025	-	731,000	24,719	755,809
Total non-current assets	253,693	360,429	-	263,318	190,949	-	-	-	-	6,025	-	1,074,414	24,719	1,099,133
Total assets	\$ 315,291	\$ 343,247	\$ 9,653	\$ 658,891	\$ 552,778	\$ 7,984	\$ -	\$ -	\$ -	\$ (3,822)	\$ 218,002	\$ 2,102,024	\$ 443,024	\$ 2,545,048
LIABILITIES AND NET ASSETS														
Current liabilities:														
Accounts payable	\$ 11,527	\$ 23,913	\$ 193	\$ 35,726	\$ 14,711	\$ 3,674	\$ -	\$ -	\$ -	\$ 3,719	\$ 2,427	\$ 95,890	\$ 4,875	\$ 100,765
Accrued payroll liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	134,715
Accrued vacation	-	-	-	-	-	-	-	-	-	-	-	-	-	117,961
Contract advances and deferred income	-	3,295	9,904	117,216	141,018	7,072	-	-	-	2,540	211,464	492,509	20,550	513,059
CIDE reserve	34,479	-	-	-	-	-	-	-	-	-	-	34,479	-	34,479
Total current liabilities	46,006	27,208	10,097	152,942	155,729	10,746	-	-	-	6,259	213,891	622,878	278,101	900,979
Long-term liabilities:														
Revolving loans	-	-	-	1,692	-	-	-	-	-	-	-	1,692	-	1,692
Contingent loans	-	-	-	186,000	-	-	-	-	-	-	-	186,000	-	186,000
Total long-term liabilities	-	-	-	187,692	-	-	-	-	-	-	-	187,692	-	187,692
Total liabilities	46,006	27,208	10,097	340,634	155,729	10,746	-	-	-	6,259	213,891	810,570	278,101	1,088,671
Net assets:														
Unrestricted	6,542	298,034	(444)	84,969	121,154	(2,762)	-	-	-	(19,352)	4,111	493,152	158,754	651,906
Unrestricted, undesignated	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Temporarily restricted	11,977	-	-	190,298	108,297	-	-	-	-	3,246	-	315,818	6,169	319,987
Program services	250,766	17,105	-	42,990	167,598	-	-	-	-	6,025	-	484,484	-	484,484
Fixed assets	269,285	316,039	(444)	318,237	397,049	(2,762)	-	-	-	(10,081)	4,111	1,291,354	164,923	1,456,377
Total net assets	315,291	343,247	9,653	658,891	552,778	7,984	-	-	-	(3,822)	218,002	2,102,024	443,024	2,545,048
Total liabilities and net assets	\$ 315,291	\$ 343,247	\$ 9,653	\$ 658,891	\$ 552,778	\$ 7,984	\$ -	\$ -	\$ -	\$ (3,822)	\$ 218,002	\$ 2,102,024	\$ 443,024	\$ 2,545,048

Community Action of Napa Valley
COMBINING SCHEDULE OF ACTIVITIES
 All Program Services
 For the Year Ended June 30, 2012

	Child and Family Development	Senior Nutrition	Volunteer Center	Housing Shelter	Program Services					Job Training	Other Program Services	Program Services Total	Administration and Fundraising	Total
					Food Bank	Tobacco Program								
Revenue:														
Government Grants and contracts income	\$ 912,007	\$ 340,678	\$ 47,680	\$ 1,364,619	\$ 69,074	\$ 307,141	\$ 43,915	\$ -	\$ -	\$ 3,094,114	\$ 283,580	\$ 3,377,694		
Foundation and other grant income	-	130,079	29,500	524,084	230,054	1,027	3,500	255,018	-	1,173,362	3,250	1,176,512		
Donations	20	8,553	7,258	109,190	219,618	-	18	-	-	23,334	23,334	368,191		
Program income	23,050	100,601	105	3,823	24,443	-	294	-	-	152,316	10,224	162,540		
Fundraising and other income	3,481	33,162	5,919	1,480	33,622	-	-	-	-	77,664	44,244	121,908		
Uncollected gain on investments	-	11,297	-	-	-	-	-	-	-	11,297	-	11,297		
Interest and dividends	25	998	-	-	-	-	-	-	-	1,023	686	1,709		
In-kind revenue	-	32,860	-	-	179,307	-	-	-	-	212,167	-	212,167		
Total revenues	938,583	667,228	90,462	2,003,196	756,118	308,168	47,727	255,018	-	3,066,500	363,518	3,430,018		
Expenses:														
Salaries and wages	510,870	181,908	62,097	705,970	178,852	157,855	17,088	-	-	1,814,590	382,659	2,197,249		
Payroll taxes	41,984	16,081	5,234	58,121	13,760	12,531	1,558	-	-	149,269	30,372	179,641		
Employee benefits	104,635	43,061	1,202	149,120	50,235	11,647	1,314	-	-	361,214	54,016	415,230		
Supplies	30,526	3,467	761	74,746	14,797	32,943	16,690	-	-	173,930	27,471	201,401		
Food	38,929	324,877	-	-	274,825	-	1,318	9,000	-	648,949	-	648,949		
Repairs and maintenance	18,671	516	215	31,154	7,914	516	-	-	-	58,986	3,779	62,765		
Vehicle operations	-	11,229	-	2,105	29,072	-	-	-	-	42,406	153	42,559		
Recruitment and training	5,757	752	311	800	2,693	1,550	75	-	-	11,938	3,638	15,576		
Travel	675	8,733	254	6,116	2,353	2,470	-	-	-	20,601	172	20,773		
Dues and membership	493	315	-	94	3,430	4,431	-	-	-	8,763	3,272	12,035		
Insurance	7,807	7,490	396	12,116	16,604	588	312	-	-	45,313	3,463	48,776		
Telecommunication	9,977	4,180	3,746	14,827	7,538	3,151	48	-	-	43,467	12,668	56,135		
Utilities	18,925	1,127	563	36,280	17,056	1,127	-	-	-	95,078	5,617	100,695		
Rent	30,290	41,118	4,129	26,900	90,899	8,258	-	-	-	201,584	37,227	238,811		
Rental assistance	-	-	-	585,980	-	-	-	242,223	-	828,203	-	828,203		
Other client assistance	-	-	-	1,054	-	-	-	-	-	1,054	25	1,079		
Professional services	955	3,329	72	878	4,512	9,500	-	-	-	19,246	94,116	113,362		
Subcontractor	-	-	-	-	2,563	36,474	-	-	-	39,037	-	39,037		
Interest	-	-	-	-	-	-	-	-	-	-	-	-		
Depreciation	1,908	-	-	19,595	3,663	-	-	-	-	25,166	3,250	28,416		
Equipment and renovation	224	282	-	19,050	19,566	-	6,063	-	-	45,185	-	45,185		
Administration	114,472	47,918	11,462	169,103	65,154	27,503	-	-	-	435,612	(435,612)	-		
Fundraising	-	3,991	257	-	4,072	-	-	-	-	8,320	15,458	23,778		
Other expenses	2,557	73	207	3,202	-	-	66	-	-	6,105	10,930	16,935		
Total expenses	939,645	700,447	90,906	1,939,104	807,665	310,544	44,482	251,225	-	5,084,016	252,574	5,336,590		
Change in net assets	(1,062)	(33,219)	(444)	64,092	(51,547)	(2,376)	3,245	3,795	-	(17,516)	112,944	95,428		
Additions/disposition of restricted fixed assets	-	-	-	-	-	-	6,025	-	-	6,025	-	6,025		
Depreciation of restricted fixed assets	(19,612)	(7,568)	-	(13,640)	(31,193)	-	-	-	-	(72,013)	-	(72,013)		
Change in net assets	(20,674)	(40,787)	(444)	50,452	(82,740)	(2,376)	9,270	3,795	-	(83,504)	112,944	29,440		
Net assets, beginning of period	289,959	356,826	-	267,805	479,789	(389)	(19,351)	316	-	1,374,958	51,979	1,426,937		
Net assets, transferred	-	-	-	-	-	-	-	-	-	-	-	-		
Net assets, end of period	269,285	316,039	(444)	318,257	397,049	(2,762)	(10,081)	411	-	1,291,454	164,923	1,456,377		

Community Action of Napa Valley
DEPT OF CSD SCHEDULE OF REVENUE AND EXPENSES

Schedule 3

Contract No. 12F-4428 (CSBG)

For the Period January 1, 2012 through December 31, 2012

	1/1/2012 through 6/30/2012	Total Actual Costs	Total Reported Expenses	Total Budget
Revenues:				
Contract revenue	\$ 131,147	\$ 131,147	\$ 131,147	\$ 247,855
Other revenue	-	-	-	-
Total revenues	<u>131,147</u>	<u>131,147</u>	<u>131,147</u>	<u>247,855</u>
Expenses:				
Administrative costs:				
Salaries and wages	98,246	98,246	98,246	165,000
Fringe benefits	20,782	20,782	20,782	45,128
Operating expenses and equipment	11,184	11,184	11,184	15,086
Training costs	-	-	-	-
Subcontractor services	-	-	-	-
Other costs	-	-	-	-
Subtotal administrative costs	<u>130,212</u>	<u>130,212</u>	<u>130,212</u>	<u>225,214</u>
Program costs:				
Salaries and wages	-	-	-	-
Fringe benefits	-	-	-	-
Operating expenses and equipment	208	208	208	10,141
Training costs	-	-	-	-
Subcontractor services	-	-	-	-
Other costs	727	727	727	12,500
Subtotal program costs	<u>935</u>	<u>935</u>	<u>935</u>	<u>22,641</u>
Total expenses	<u>131,147</u>	<u>131,147</u>	<u>131,147</u>	<u>247,855</u>
Revenue over (under) expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Community Action of Napa Valley
DEPT OF CSD SCHEDULE OF REVENUE AND EXPENSES
 Contract No. 11F-4230 (CSBG)
 For the Period January 1, 2011 through December 31, 2011

Schedule 4

	1/1/2011 through 6/30/2011	7/1/2011 through 12/31/2011	Total Actual Costs	Total Reported Expenses	Total Budget
Revenues:					
Contract revenue	\$ 82,295	\$ 172,621	\$ 254,916	\$ 254,916	\$ 254,916
Other revenue	-	-	-	-	-
Total revenues	<u>82,295</u>	<u>172,621</u>	<u>254,916</u>	<u>254,916</u>	<u>254,916</u>
Expenses:					
Administrative costs:					
Salaries and wages	50,000	105,312	155,312	155,312	150,000
Fringe benefits	12,708	23,404	36,112	36,112	38,109
Operating expenses and equipment	7,380	18,243	25,623	25,623	22,147
Out-of-state travel	-	-	-	-	-
Subcontractor services	-	-	-	-	-
Other costs	-	-	-	-	-
Subtotal administrative costs	<u>70,088</u>	<u>146,959</u>	<u>217,047</u>	<u>217,047</u>	<u>210,256</u>
Program costs:					
Salaries and wages	7,656	468	8,124	8,124	8,160
Fringe benefits	1,814	44	1,858	1,858	1,800
Operating expenses and equipment	2,737	11,621	14,358	14,358	22,200
Training costs	-	-	-	-	-
Subcontractor services	-	-	-	-	-
Other costs	-	13,529	13,529	13,529	12,500
Subtotal program costs	<u>12,207</u>	<u>25,662</u>	<u>37,869</u>	<u>37,869</u>	<u>44,660</u>
Total expenses	<u>82,295</u>	<u>172,621</u>	<u>254,916</u>	<u>254,916</u>	<u>254,916</u>
Revenue over (under) expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Community Action of Napa Valley
DEPT OF CSD SCHEDULE OF REVENUE AND EXPENSES

Schedule 5

Contract No. 11F-4308 (CSBG)

For the Period June 1, 2011 through June 30, 2012

	6/1/2011 through 6/30/2011	7/1/2011 through 6/30/2012	Total Actual Costs	Total Reported Expenses	Total Budget
Revenues:					
Contract revenue	\$ 1,782	\$ 48,218	\$ 50,000	\$ 50,000	\$ 50,000
Other revenue	-	-	-	-	-
Total revenues	<u>1,782</u>	<u>48,218</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Expenses:					
Administrative costs:					
Salaries and wages	-	5,242	5,242	5,242	4,986
Fringe benefits	-	960	960	960	1,014
Operating expenses and equipment	-	-	-	-	-
Training costs	-	-	-	-	-
Subcontractor services	-	-	-	-	-
Other costs	-	-	-	-	-
Subtotal administrative costs	<u>-</u>	<u>6,202</u>	<u>6,202</u>	<u>6,202</u>	<u>6,000</u>
Program costs:					
Salaries and wages	1,541	15,537	17,078	17,078	25,828
Fringe benefits	241	2,616	2,857	2,857	5,682
Operating expenses	-	17,838	17,838	17,838	6,465
Equipment	-	6,025	6,025	6,025	6,025
Subcontractor services	-	-	-	-	-
Other costs	-	-	-	-	-
Subtotal program costs	<u>1,782</u>	<u>42,016</u>	<u>43,798</u>	<u>43,798</u>	<u>44,000</u>
Total expenses	<u>1,782</u>	<u>48,218</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Revenue over (under) expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Community Action of Napa Valley
SCHEDULE OF REVENUE AND EXPENSES
~~For Contracts with Solano-Napa: Area Agency on Aging~~
For the Year Ended June 30, 2012

Schedule 6

	Congregate C1	Home Delivery C2	Senior Connect	Brown Bag	
	Contract No. 2812021	Contract No. 2812022	Contract No. 2812041	Contract No. -	Total
Revenues:					
Area Agency on Aging contract income	\$ 73,138	\$ 192,279	\$ 20,216	\$ -	\$ 285,633
USDA - NSIP	9,435	50,297	-	-	59,732
Other grants and contracts income	47,874	-	-	-	47,874
Foundation support	-	-	-	-	-
Donations	17,168	101,395	2,413	-	120,976
Program income	19,002	81,155	105	-	100,262
Fundraising and other income	5,770	-	-	-	5,770
Interest and dividends	-	675	-	-	675
In-kind revenue	34,186	48,378	5,948	3,000	91,512
Total revenues	206,573	474,179	28,682	3,000	712,434
Expenses:					
Personnel					
Salaries and wages	48,457	133,451	14,956	-	196,864
Payroll taxes	4,275	11,806	1,285	-	17,366
Employee benefits	12,056	31,004	203	-	43,263
In-kind personnel	24,328	28,376	5,948	-	58,652
Travel and training	305	1,021	37	-	1,363
Equipment	-	-	-	-	-
Consultants	960	2,240	-	-	3,200
Food costs	75,057	188,614	-	3,000	266,671
Other costs	-	63,968	3,366	-	67,334
In-kind facilities	28,787	23,002	-	-	51,789
Indirect costs	12,348	35,570	2,887	-	50,805
Total expenses	206,573	519,052	28,682	3,000	757,307
Revenue over (under) expenses	\$ -	\$ (44,873)	\$ -	\$ -	\$ (44,873)

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Community Action of Napa Valley
Napa, California

We have audited the financial statements of Community Action of Napa Valley as of and for the year ended June 30, 2012, and have issued our report thereon dated March 28, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Action of Napa Valley's internal control over financial reporting as a basis for designing our auditing procedures, for the purpose of expressing our opinion on Community Action of Napa Valley's financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action of Napa Valley's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Community Action of Napa Valley's internal control over financial reporting.

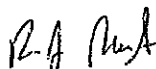
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Community Action of Napa Valley's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying management letter.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Action of Napa Valley's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors and management of Community Action of Napa Valley, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.



R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
March 28, 2013

INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Community Action of Napa Valley
Napa, California

Compliance

We have audited the compliance of Community Action of Napa Valley with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect to each of its major federal programs for the year ended June 30, 2012. Community Action of Napa Valley's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Community Action of Napa Valley's management. Our responsibility is to express an opinion on Community Action of Napa Valley's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action of Napa Valley's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Community Action of Napa Valley's compliance with those requirements.

In our opinion, Community Action of Napa Valley complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

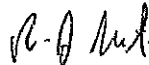
Internal Control Over Compliance

The management of Community Action of Napa Valley is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Community Action of Napa Valley's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Action of Napa Valley's internal control over compliance.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Community Action of Napa Valley's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
March 28, 2013

Community Action of Napa Valley
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2012

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Award Amount</u>	<u>Revenue</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture:</u>					
<u>Passed through the California State Department of Education:</u> Child Care Food Program (center)	10.558	28-1433-1A	N/A	\$ 75,931	\$ 75,931
<u>Passed through the California Department of Aging:</u> Senior Brown Bag Program - Farmer's Market Coupons	10.576	MOU	3,000	3,000	3,000
<u>Passed through California Department of Social Services:</u> USDA-EFAP	10.570	10-6046	47,581	11,895	11,895
USDA-EFAP Supplemental and Admin	10.570	10-6046	-	697	697
USDA-EFAP	10.568	CFL 11/12-52	48,183	36,137	36,137
Total U.S. Department of Agriculture				127,660	127,660
<u>U.S. Department of Housing and Urban Development</u>					
<u>Passed through California Dept. of Housing & Community Development:</u> Federal Emergency Shelter Grant	14.231	10-FESG-6591	200,000	104,221	104,221
Federal Emergency Shelter Grant	14.231	09-FESG-6175	198,000	49,280	49,280
Federal Emergency Shelter Grant	14.231	10-FESG-6609	197,960	101,718	101,718
Federal Emergency Shelter Grant	14.231	11-FESG-7774	123,950	11,715	11,715
<u>Passed through City of Napa:</u> Community Development Block Grant	14.218	C2011-162	83,064	83,064	83,064
<u>Passed through County of Napa:</u> Community Outreach and Integration Team	14.231	6381	30,000	12,513	12,513
Trans'l Residential Alliance & Integrated Network	14.231	3989	89,544	37,926	37,926
Trans'l Residential Alliance & Integrated Network	14.231	3989	89,544	56,705	56,705
Homeless Prevention and Rapid Re-Housing Program	14.231	7317	516,859	128,037	128,037
Total U.S. Department of Housing and Urban Development				585,179	585,179
<u>U.S. Department of Health and Human Services:</u>					
<u>Passed through California Department of Community Services:</u> Community Services Block Grant	93.569	11F-4230	254,916	172,621	172,621
Community Services Block Grant	93.569	11F-4308	50,000	48,218	48,218
Community Services Block Grant	93.569	12F-4428	247,855	131,147	131,147
<u>Passed through the California State Department of Education:</u> General Child Care and Development Program	93.575 & 93.596	CCTR-1169	107,206	87,148	87,148
State Preschool Program	93.596	CSPP-1320	195,994	161,845	161,845
<u>Passed through the California Department of Aging:</u> Title III-C-1 Congregate Nutrition	93.045	C-1 2812021	73,138	73,138	73,138
Title III-C-2 Home Delivered Nutrition	93.045	C-2 2812022	192,279	192,279	192,279
Title III-C-1 Congregate Nutrition	93.053	NSIP C-1 2812021	9,435	9,435	9,435
Title III-C-2 Home Delivered Nutrition	93.053	NSIP C-2 2812022	50,297	50,297	50,297
Volunteer Center of Napa Valley	93.044	2812041	20,216	20,216	20,216
Total U.S. Department of Health and Human Services				946,344	946,344
<u>Federal Emergency Management Agency</u>					
<u>Passed through United Way:</u> Emergency Food and Shelter	97.024	29-078000-004	11,000	11,000	11,000
Food Bank Programs	97.024	29-078000-014	9,240	9,240	9,240
Total Federal Emergency Management Agency				20,240	20,240
Total federal awards				\$ 1,679,423	\$ 1,679,423

Community Action of Napa Valley
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2012

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Award Amount</u>	<u>Revenues</u>	<u>Expenditures</u>
<u>State Awards:</u>					
<u>California State Department of Education:</u>					
Child Care Food Program	N/A	28-1433-1A	N/A	\$ 5,709	\$ 5,709
General Child Care and Development Programs	N/A	CCTR-1169	205,096	205,096	205,096
State Preschool Program	N/A	CSPP-1320	374,959	374,959	374,959
Total California Department of Education				<u>585,764</u>	<u>585,764</u>
<u>California Department of Social Services:</u>					
Emergency Food Assistance Program	N/A	10/11 Tax Check off	5,536	<u>6,012</u>	<u>6,012</u>
Total California Department of Social Services				<u>6,012</u>	<u>6,012</u>
<u>Passed through California Dept. of Housing & Community Development:</u>					
Operating and Facility Grant	N/A	10-EHAP-7016	51,118	<u>46,467</u>	<u>46,467</u>
Total California Department of Housing & Community Development				<u>46,467</u>	<u>46,467</u>
<u>California Department of Public Health</u>					
California Tobacco Control Program	N/A	10-10205	118,046	<u>108,263</u>	<u>108,263</u>
Total California Department of Public Health				<u>108,263</u>	<u>108,263</u>
Total state awards				<u>\$ 746,506</u>	<u>\$ 746,506</u>

Community Action of Napa Valley
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Community Action of Napa Valley and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The CFDA number included in the accompanying Schedule of Expenditures of Federal Awards was determined based on the program name, review of the award contract, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

Community Action of Napa Valley
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section I – Summary of Auditors' Results

1. Type of auditors' report issued: unqualified
2. Internal control over financial reporting:
 - A. Material weakness(es) identified? no
 - B. Significant deficiencies identified that were not considered to be material weakness(es)? none reported
 - C. Noncompliance material to financial statements noted? no
3. Internal control over major programs:
 - A. Material weakness(es) identified? no
 - B. Significant deficiencies identified that were not considered to be material weakness(es)? none reported
 - C. Type of auditors' report issued on compliance for major programs: unqualified
 - D. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no
4. Audited as Major Programs:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Expenditures</u>
93.569	Community Services Block Grant	\$351,986
93.575 & 93.596	General Child Care and Development Program And State Preschool Program	\$248,993
93.044-93.053	Senior Nutrition Cluster	\$345,365

5. Dollar threshold used to distinguish between type A and type B programs: \$300,000.
6. The auditee is qualified as a low-risk auditee.

Section II – Financial Statement Findings

There were no financial statement findings.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings and questioned costs.

STATUS OF PRIOR-YEAR FINDINGS AND RECOMMENDATIONS

Recommendation

Status/Explanation

There were no prior-year findings or recommendations.